

SENATE BILL NO. 457

INTRODUCED BY D. RYAN, J. TROPILA

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A SCHOOL DISTRICT TO USE ~~A PORTION UP~~
TO 20 25 PERCENT OF ITS IMPACT AID FUNDS FOR REPAYMENT OF BONDS; AMENDING SECTIONS
20-9-437, 20-9-439, AND 20-9-443, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-9-437, MCA, is amended to read:

"20-9-437. School district liable on bonds. (1) The full faith, credit, and taxable resources of
every a school district issuing bonds under the provisions of this title are hereby solemnly pledged for the
repayment of ~~such the~~ bonds with interest according to ~~their the~~ terms of the bonds. For the purpose of
making the provisions of this part enforceable, ~~every each~~ school district is ~~hereby declared to be~~ a body
corporate ~~which that~~ may sue and be sued by or in the name of the trustees of ~~such the~~ school district.

(2) A school district may use ~~a portion~~ UP TO ~~20%~~ 25% of its federal impact aid funds received
pursuant to 20-9-514 for repayment of bonds."

Section 2. Section 20-9-439, MCA, is amended to read:

"20-9-439. Computation of net levy requirement -- procedure when levy inadequate. (1) The
county superintendent shall compute the levy requirement for each school district's debt service fund on
the basis of the following procedure:

(a) Determine the total money available in the debt service fund for the reduction of the property
tax on the district by totaling:

(i) the end-of-the-year fund balance in the debt service fund, less any limited operating reserve as
provided in 20-9-438;

(ii) anticipated interest to be earned by the investment of debt service cash in accordance with
the provisions of 20-9-213(4) or by the investment of bond proceeds under the provisions of 20-9-435;

(iii) any state advance for school facilities distributed to a qualified district under the provisions
of 20-9-346, 20-9-370, and 20-9-371; ~~and~~

1 (iv) funds transferred from the impact aid fund established pursuant to 20-9-514 that are used to
2 repay the district's bonds; and

3 ~~(iv)~~(v) any other money, including money from federal sources, anticipated by the trustees to be
4 available in the debt service fund during the ensuing school fiscal year from sources such as legally
5 authorized money transfers into the debt service fund or from rental income, excluding any guaranteed tax
6 base aid.

7 (b) Subtract the total amount available to reduce the property tax, determined in subsection (1)(a),
8 from the final budget for the debt service fund as established in 20-9-438.

9 (2) The net debt service fund levy requirement determined in subsection (1)(b) must be reported
10 to the county commissioners on the fourth Monday of August by the county superintendent as the net
11 debt service fund levy requirement for the district, and a levy must be made by the county commissioners
12 in accordance with 20-9-142.

13 (3) If the board of county commissioners fails in any school fiscal year to make a levy for any
14 issue or series of bonds of a school district sufficient to raise the money necessary for payment of interest
15 and principal becoming due during the next ensuing school fiscal year, in any amounts established under
16 the provisions of this section, the holder of any bond of the issue or series or any taxpayer of the district
17 may apply to the district court of the county in which the school district is located for a writ of mandate
18 to compel the board of county commissioners of the county to make a sufficient levy for payment
19 purposes. If, upon the hearing of the application, it appears to the satisfaction of the court that the board
20 of county commissioners of the county has failed to make a levy or has made a levy that is insufficient
21 to raise the amount required to be raised as established in the manner provided in this section, the court
22 shall determine the amount of the deficiency and shall issue a writ of mandate directed to and requiring
23 the board of county commissioners, at the next meeting for the purpose of fixing tax levies for county
24 purposes, to fix and make a levy against all taxable property in the school district that is sufficient to raise
25 the amount of the deficiency. The levy is in addition to any levy required to be made at that time for the
26 ensuing school fiscal year. Any costs that may be allowed or awarded the petitioner in the proceeding
27 must be paid by the members of the board of county commissioners and may not be a charge against the
28 school district or the county."

29
30 **Section 3.** Section 20-9-443, MCA, is amended to read:

"20-9-443. Disposition of remaining debt service fund. When (1) Except as provided in subsection

(2), when all of the bonds and bond interest of ~~any a~~ school district have been fully paid, all money remaining in the debt service fund for ~~such the~~ school district and all ~~moneys which~~ money that may come into ~~such the~~ debt service fund from the payment of the delinquent taxes ~~shall~~ must be transferred by the county treasurer to the general fund of ~~such the~~ school district.

(2) Any federal impact aid funding remaining in the debt service fund of a school district that has fully repaid the bonds and bond interest must revert to the district's impact aid account established pursuant to 20-9-514."

NEW SECTION. **Section 4. Notification to tribal governments.** The secretary of state shall send of [this act] to each tribal government located on the seven Montana reservations and to the Little and of Chippewa.

NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

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